GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:81
ANSWERED ON:04.12.2015
Loan to Farmers
Chandel Kunwar Pushpendra Singh

Will the Minister of FINANCE be pleased to state:

a) whether the Government/Reserve Bank of India has issued guidelines for relief measures including interest free agricultural loan to farmers affected by drought and if so, the details thereof;

(b) whether the benefits of scheme has also been provided to farmers in the States including Bundelkhand region and if so, the details thereof along with the funds disbursed to the States during each of the last three years and the current year, Statewise; and

(c) the steps taken/being taken by the Government to expedite the identification and sanction of loan to the farmers ?

Answer

The Minister of Finance

(a) to (c):- A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. *81 to be answered on 4thDecember, 2015 regarding Loan to Farmers

(a) to (c): Reserve Bank of India (RBI) has issued guidelines to banks for relief measures to be provided in areas affected by natural calamities including drought. The relief measures, inter alia, include identification of beneficiaries, restructuring of existing loans, extending fresh loans, relaxed security and margin norms. Interest free agricultural loans are not covered by the guidelines. The benchmark for initiating relief measures by banks has also been reduced to 33% crop loss.

With a view to ensuring availability of agricultural credit at affordable cost, the Government implements the Interest Subvention Scheme in order to make available short-term crop loans upto Rs. 3 lakhs for a period of one year at the interest rate of 7% per annum. In case of timely repayment, the interest rate gets reduced to 4%. Further under the Interest Subvention Scheme, 2015-16, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount. This scheme is applicable on a pan India basis including Bundelkhand region.

Some of the other important steps taken/being taken by the Government/RBI/NABARD to provide loans to farmers are as under:

â€¢ Government has introduced the Kisan Credit Card (KCC) Scheme, which enables farmers to purchase agricultural inputs such as seeds, fertilisers, pesticides and draw cash for their consumption needs.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ Banks have been instructed by Reserve Bank of India (RBI) to waive margin and security requirements of agricultural loans upto Rs.1,00,000/-.

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